

EXHIBIT 1

INTRODUCTION

In 2001 and 2002, Respondent Steve Padilla was a member of the Chula Vista City Council, located in San Diego County, having first been elected to that office in 1994. On March 5, 2002, Respondent Padilla was a candidate for the Mayor of Chula Vista in the general municipal election. Thereafter, Respondent Padilla was the successful candidate for mayor in a run-off election held on November 5, 2002. At all relevant times, Respondent Friends of Steve Padilla 2002 (the “Committee”) was the controlled committee of Respondent Padilla. At all relevant times, Respondent Donald Wroe was the treasurer of Respondent Committee.

In September 2002, during the run-off campaign for Mayor of Chula Vista, Respondents received cash contributions totaling \$2,850, in violation of Section 84300, subdivision (a) of the Government Code.

For the purposes of this stipulation, Respondents’ violation of the Political Reform Act (the “Act”)¹ is stated as follows:

COUNT 1: On or about and between September 3, 2002 and September 30, 2002, Respondents Steve Padilla, Friends of Steve Padilla 2002, and Donald Wroe received twelve contributions of \$100 or more in cash, in violation of Section 84300, subdivision (a) of the Government Code.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed and improper practices are inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Prohibition Against Cash Contributions

Section 84200, subdivision (a) provides that no contribution of \$100 or more shall be made or received in cash. Section 84300, subdivision (c) also requires that all contributions of \$100 or more be made in the form of a written instrument containing the name of the contributor and drawn from the account of the contributor.

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

Liability of Committee Treasurers

Section 81004, subdivision (b), Section 84100, and Regulation 18427, subdivision (a) require a committee's treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

Respondent Steve Padilla was a successful candidate for Mayor of Chula Vista during a November 5, 2002 run-off election. Respondent Committee was the controlled committee of Respondent Padilla. Respondent Donald Wroe was the treasurer for Respondent Committee.

At all relevant times, a Chula Vista city ordinance imposed a \$250 limit on campaign contributions made to candidates for elected office, and prohibited contributions from corporations or businesses. As such, Respondents were prohibited from receiving more than a \$250 contribution from any one individual contributor in connection with an election.

As part of a pro-active investigation in the City of Chula Vista, the Commission's Enforcement Division learned that Respondents had received cash contributions in connection with Respondent Padilla's 2002 mayoral campaign. Respondents were prohibited from receiving any contributions of \$100 or more in the form of cash. Prior to the November 5, 2002 mayoral run-off election, Respondents received twelve prohibited cash contributions of \$100 or more. During the reporting periods of July 1, 2002 through September 30, 2002, and October 1, 2002 through October 19, 2002, leading up to the November run-off election, Respondent Committee received campaign contributions totaling \$104,583 and made expenditures totaling \$37,538.

The prohibited cash contributions received by Respondents, including the names of the contributors, and the dates and amounts of the prohibited cash contributions, are set forth in the chart below:

Name of Contributor	Date of Contribution	Amount of Contribution
Aaron Valencia	September 3, 2002	\$250
Andra Gallardo	September 3, 2002	\$250
Renee Carr	September 3, 2002	\$250
Mark Beaty	September 3, 2002	\$250
Tina Chimbole	September 3, 2002	\$250
Tim Mariani	September 3, 2002	\$250
Consuelo Gloriani	September 3, 2002	\$250
Ariel Rodriguez	September 3, 2002	\$250
Farhad Dena	September 3, 2002	\$250
Robert Matkovich	September 3, 2002	\$250
Brian Fee	September 23, 2002	\$100
Roger McDonald	September 30, 2002	\$250
Total		\$2,850

On April 30, 2004, Respondents refunded the cash contributions to the individuals listed above by issuing each of them a committee check. Respondents properly reported the refund of these contributions on their campaign statements.

By receiving twelve cash contributions of \$100 or more, Respondents violated Section 84300, subdivision (a).

CONCLUSION

This matter consists of one count, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000).

In aggravation, the receipt of cash contributions has historically been considered a very serious violation, as it can prevent the tracking of the true source of campaign contributions. Moreover, the City of Chula Vista has a campaign ordinance limiting contributions to \$250 per candidate per election.

In mitigation, Respondents discovered the cash contributions in preparing Respondent Committee's records for the Commission's discretionary audit, and they voluntarily returned them to the contributors prior to any request by Commission staff. Moreover, Respondents properly reported the receipt and return of the cash contributions on the campaign statements that were filed, and the amount of cash contributions was small in relation to the total amount of contributions received by Respondent Committee during the reporting period.

Based on the foregoing facts of this case, including the above aggravating and mitigating factors, the imposition of the agreed upon administrative penalty of Four Thousand Dollars (\$4,000) is justified.